

INSTRUMENT PREPARED BY
VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE
OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING DOCKET NO. VGOB 08/12/09-2409

ELECTIONS, UNIT: AE-197 & AE-198 (G-37)

(hereinafter "Subject Drilling Unit")

REPORT OF BOARD

FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992, at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirement of the Virginia Gas and Oil Board Regulations, 4 VAC 25-160.70C by supplementing the Order previously issued by the Board for subject Docket on August 31, 2009, and recorded with Instrument # 090003102 at the Office of the Clerk of Circuit Court, Buchanan County, Virginia on October 13, 2009, (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interest in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 et seq., Virginia Code, 1950 as amended.
2. Findings: The Board finds that:
 - (a) The Board Order directed Appalachian Energy Inc., (herein the Designated Operator"), to mail copies of the Board Order to all respondents whose interest, if any, were pooled by said Board Order;
 - (b) The designated operator filed its affidavit of mailing dated January 4, 2010, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interest, if any, were pooled by said Board Order;

- (c) The Board Order required each Respondent whose interest, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated October 20, 2010, in accordance with § 7.C of the Virginia Gas and Oil Board Regulations and 4 VAC 25-160.70C (herein "Affidavit of Election"), wherein it has, for each Respondent whose interest, if any, were pooled by said Board Order, stated: (i) whether each Respondent has made or failed to make a timely election; (ii) the nature of the election made, if any; (iii) whether, by reason of a failure to elect or to timely elect one or more Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interest, estates and claims in Subject Drilling Unit to the Designated Operator;
 - (d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interests as part of its Affidavit of Election. A copy of which is attached hereto as Exhibit B;
 - (e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, First Bank & Trust Company, P.O. Box 3860, Kingsport, TN, 37660 (423) 245-6971, Attn: Debbie Davis, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow. Current Board escrow standards were made applicable to Subject Drilling Unit by a Board Order dated December 23, 1992.
3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2 above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, First Bank & Trust Company, P.O. Box 3860, Kingsport, TN, 37660 (423) 245-6971, Attn: Debbie Davis, or any successor named by the Board to establish interest-bearing escrow account(s), IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said affidavits to receive such funds and account to the Board therefore.
4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned Order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was mailed to each person whose interest or claim is subject to escrow and whose address is known.
5. Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
6. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 3 day of Nov., 2010 by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Chairman, Bradley C. Lambert

DONE AND PERFORMED THIS 3 day of Nov., 2010 by Order of this Board.

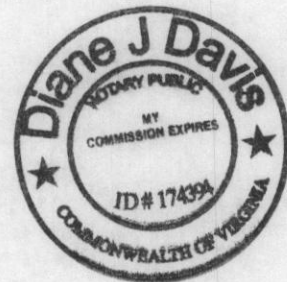
David E. Asbury
David Asbury
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF RUSSELL)

Acknowledged on this 3rd day of Nov, 2010, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley C. Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, and David Asbury, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed the same and was authorized to do so.

Diane J. Davis
Diane Davis, Notary
174394

My commission expires: September 30, 2013



hVIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE: Application of Appalachian Energy, Inc., for Forced Pooling of Interests in Unit Number AE-197 & AE-198 (G-37) VGOB Docket No. VGOB-08/12/09-2409 in the Garden Magisterial District of Buchanan County, Virginia.

AFFIDAVIT OF WILHOIT & KAISER, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

1. That the Affiant is an attorney in the law firm of WILHOIT & KAISER, the Agent for the Designated Operator, with offices located at 220 Broad Street, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on August 31, 2009, by the Virginia Gas and Oil Board regarding the captioned Conventional Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, the Affiant was directed to cause a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was known, and to all persons, if any, who are added as Respondents at the hearing held in the captioned matter;
4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on October 13, 2009.
5. That the Designated Operator, by and through their agent, Wilhoit & Kaiser, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said procedures were followed to identify the elections, if any, made with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election periods:

NONE

6. That the interest and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or otherwise entered into an agreement with the Designated Operator) are subject to escrow as either unknown claimants or conflicting claimants under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia; that opposite the name of each person named as a Respondent listed below is set forth:

See Exhibit E

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims.

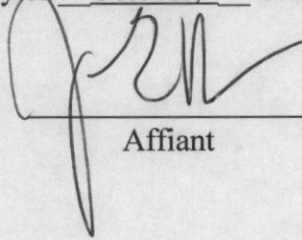
NONE

8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraph 10 of the Order.

See Exhibit B-3

That pursuant to the provision of 4VAC 25-160.70C annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are not required in this matter pursuant to the terms of §§ 45.1-361.21.D.

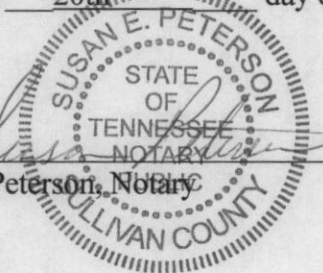
Dated at Kingsport, Tennessee, this 20th day of October, 2010.



Affiant

State of Tennessee)
County of Sullivan)

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Appalachian Energy Inc., a corporation, on behalf of the corporation, this 20th day of October, 2010.



Susan Peterson, Notary

My commission expires: October 24, 2012 .

EXHIBIT "B"
AE-197 & AE-198 (G-37)

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
		Gas Estate Only		
1	Cecil Stanford Estate			
	Billy Gene & Bennie Stanford 1215 Motor View Road Butte, MT 59701	Unleased	28.16% 4.02%	22.57 3.22
	Wanda McClenney 214 North Highway 175-48 Seagoville, TX 75159	Leased	4.02%	3.22
	Dorothy Horn 2577 Baptist Valley Road Cedar Bluff, VA 24609	Leased	4.02%	3.22
	Rodney Dean & Betty Stanford 6349 Decliff Big Island Marion, OH 43302	Leased	4.02%	3.22
	Robert & Carol Stanford 138 Crown St. Pounding Mill, VA 24637	Leased	4.02%	3.22
	Ricky Allen Stanford 2577 Baptist Valley Road Cedar Bluff, VA 24609	Leased	4.02%	3.22
	Brian L. Stanford 345 Indian Valley Road Radford, VA 24141	Leased	1.01%	0.81
	Troy Stanford Estate Unlocatable	Unleased	1.01%	0.81
	Keith Stanford 2348 Mob Creek Road Bedford, VA 24523	Leased	1.01%	0.81
	Bonnie Stanford Fritz Unlocatable	Unleased	1.01%	0.81
2	Buck Jewell Resources LLC c/o Catherine Jewell 502 Lee Street Bristol, VA 24201	Leased	0.760%	0.610
3	CAROLINE COLE ESTATE		0.560%	0.450
	Edith G. Street P.O. Box 792 Grundy, VA 24614	Leased	0.031%	0.025
	Martha Combs c/o A.G. Edwards & Co. P.O. Box 1199 Bluefield, VA 24605-4199	Leased	0.010%	0.008
	Elene Combs 318 East Fincastle Tazewell, VA 24651	Leased	0.010%	0.008
	Carol Irvine 4710 Hunterwood Circle Richmond, TX 77469-7635	Leased	0.010%	0.008
	Nancy Cole Box 2075 Beckley, WV 25802	Leased	0.062%	0.050

James W. & Daisy Burress 22638 Aven Lane Abingdon, VA 24211	Leased	0.031%	0.025
Margaret & Jerry Davis P.O. Box 10 Richlands, VA 24641	Leased	0.031%	0.025
Timothy McDonald P.O. Box 609 Prestonsburg, KY 41653	Leased	0.012%	0.010
Tamala Williams P.O. Box 82 Roaring Gap, NC 28668	Leased	0.012%	0.010
Gregory B. McDonald P.O. Box 727 Prestonsburg, KY 41653	Leased	0.012%	0.010
Greta Meek 177 Colvin Branch Oil Springs, KY 41238	Leased	0.012%	0.010
William Byrd McDonald 513 NW 13th St. Suite 202 Portland, OR 97209	Leased	0.012%	0.010
Larry Dean & Bridget Cole 14573 Lee Hwy Bristol, VA 24202	Leased	0.010%	0.008
Mary Francis Harris 4823 Basswood Drive Columbus, GA 31904	Leased	0.010%	0.008
Harold Cole c/o Kim Willis 1011 Nature Wood Circle Kent, OH 44240	Leased	0.041%	0.033
Donald Stephen Cole 7583 Lakewater Drive Cincinnati, OH 45242	Leased	0.021%	0.017
Kenneth Edward Cole 12043 Windermere Crossing Circle Winter Garden, FL 34787-5522	Leased	0.021%	0.017
Norma Cole Dotson P.O. Box 226 Rosedale, VA 24280	Leased	0.041%	0.033
Caroline & Claude Keen Drawer B Whitewood, VA 24657	Leased	0.145%	0.117
Thurman & Archine Cooper 12 Mellow Lane Bristol, VA 24201	Leased	0.007%	0.006
Karen & Bryan Rowe Box 366 Bradshaw, WV 24871	Leased	0.003%	0.003
Sharon & William Daniels PO Drawer T Gilbert, WV 25621	Leased	0.003%	0.003
Melanie D. Cooper P.O. Box 314 Hurley, VA 24620	Leased	0.002%	0.002
Corey S. Cooper P.O. Box 314 Hurley, VA 24620	Leased	0.002%	0.002
Byron D. Cooper P.O. Box 314 Hurley, VA 24620	Leased	0.002%	0.002

4	Celia Cox Compton Estate PO Box 241 Grundy, VA 24614	Leased	7.720%	6.190
5	William B. Dennis 1810 NE 41st Street Oakland Park, FL 33308-5538	Leased	10.970% 1.828%	8.790 1.465
	B. E. Stiltner Heirs Assigns or Devicees Unknown / Unlocatable	Unleased	9.142%	7.325
6	LBR Holdings PO Box 22427 Lexington, KY 40522-2427	Leased	4.700%	3.770
7	Anise Jones, Etal		<u>47.130%</u>	<u>37.770</u>
	Anise Jean Jones 620 Delhart Rd Galax, VA 24333	Leased	23.565%	18.885
	Norine Harman 23164 Kestrel Dr Bristol, VA 24202	Leased	23.565%	18.885
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TOTALS				
Total Percentage Leased (AEI)			84.824%	
Total Percentage Unleased (AEI)			15.176%	
			100.000%	
Total Acreage Leased (AEI)				67.989
Total Acreage Unleased (AEI)				12.161
				80.15

EXHIBIT "B"
AE-197 & AE-198 (G-37)

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	Anise Jean Jones 620 Delhart Rd Galax, VA 24333	Leased	23.565%	18.885
	Norine Harman 23164 Kestrel Dr Bristol, VA 24202	Leased	23.565%	18.885
TOTALS				
	Total Percentage Leased (AEI)		80.093%	
	Total Percentage Unleased (AEI)		19.907%	
			100.000%	
	Total Acreage Leased (AEI)			64.194
	Total Acreage Unleased (AEI)			15.956
				80.15

Exhibit B-3
AE-197 & AE-198 (G-37)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
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<hr/>				
Total Percentage Unleased			15.176%%	
Total Acreage Unleased				12.161

Exhibit B-3
AE-197 & AE-198 (G-37)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
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Total Percentage Unleased AEI			19.907%	
Total Acreage Unleased AEI				15.956

Exhibit E
AE-197 & AE-198 (G-37)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
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INSTRUMENT #100003098
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
NOVEMBER 17, 2010 AT 01:21PM

BEVERLY S. TILLER, CLERK
RECORDED BY: GGB